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IN REPLY REFER TO

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MEMORANDUM FOR REGIONAL DIRECTORS, DCAA
DIRECTOR, FIELD DETACHMENT, DCAA

SUBJECT: Audit Guidance on the Implementation of Coordinated Internal Control and Incurred Cost Audit Processes at Multi-Segment Contractor Locations

Summary

At its June 2005 meeting, the Executive Steering Committee (ESC) approved the implementation of enhanced coordinated audit processes for performing incurred cost and internal control audits at selected multi-segment contractor locations. This memorandum provides guidance for implementing these processes at the multi-segment contractor locations listed in Enclosure 1. To facilitate implementation of these processes, the cognizant Contract Audit Coordinator (CAC) or Corporate Home Office Auditor (CHOA) should ensure the completion of a Responsibility Matrix (Enclosure 2). This matrix, currently in use at several CAC locations, will serve as the tool to document the audit responsibilities of each cognizant FAO in performing these audits. The implementation of these processes and the responsibility matrix will provide for efficient and effective audit coverage for these contractors.

The CAC or CHOA, with the assistance of the cognizant FAOs, is responsible for immediately beginning the implementation of the coordinated incurred cost and internal control audit processes, including the use of the responsibility matrix. To the extent possible, the FY 2006 program planning process should consider the implementation of these enhanced processes.

Background

DCAA's current policy calls for the performance of internal control audits for every major contractor every 2 to 4 years. Based on feedback from the CAC network and PCIE-based reviews, the policy did not adequately cover situations where one contractor location has the primary management responsibility for an internal control system that is implemented and used by other organizational components of that contractor. Auditing internal control systems at multi-segment contractors creates unique challenges to identify audit responsibilities at each location to ensure appropriate audit coverage when contractor locations share components of an internal control system such as policies and procedures, common technologies (e.g., software), or common management.

SUBJECT: Audit Guidance on the Implementation of Coordinated Internal Control and Incurred Cost Audit Processes at Multi-Segment Contractor Locations

Auditing incurred cost submissions at multi-segment contractors also challenges auditors to ensure appropriate audit coverage when a single incurred submission includes costs from multiple physical locations. Often, contractors possess “virtual” records that may be accessible electronically, and auditable from multiple locations. The PCIE-based reviews found situations where audit procedures were duplicated by FAOs because the audit responsibilities were not clearly established and “virtual” records were accessible at multiple contractor locations.

In FY 2003, the ESC established Strategic Plan Objective (SPO) G3-04-01, the objective of which was to improve policy and processes for performing audits at multi-segment contractor locations and to implement the responsibility planning matrix at these locations. An Ad Hoc team was chartered to propose policy changes to accomplish this objective, by identifying best practices for planning and coordinating common contractor system audits within multi-segment contractors. To facilitate the coordination of these reviews to ensure the appropriate audit coverage, the DCAA CAC offices at Boeing, General Dynamics, Lockheed Martin, Northrop Grumman, and Raytheon have implemented a responsibility matrix that was designed to collect information on contractor’s internal control systems and incurred cost responsibilities. The matrix also included information on Cost Accounting Standards (CAS) disclosure statement and compliance testing requirements and contractor off-site locations. The CACs have used the matrix as a planning tool to assist in identifying audit office responsibilities for various types of audits to ensure adequate audit coverage while avoiding duplication of effort.

Under the SPO, the Ad-hoc team developed coordinated audit processes for performing incurred cost and internal control audits at multi-segment contractors. In March 2005, the Ad Hoc team presented its proposed processes to the ESC, and at its June meeting, the ESC approved implementing the team’s coordinated audit processes at 14 multi-segment contractors.

Guidance

The CAC or CHOA, with the assistance of the cognizant FAOs, is responsible for immediately beginning the implementation of the coordinated incurred cost and internal control audit processes, including the use of the responsibility matrix.

1. Responsibility Matrix

The first step in implementing the improved process for planning and conducting incurred cost and internal control audits at multi-segment contractors is for the CAC or CHOA to facilitate the completion of the responsibility matrix. The purpose of the responsibility matrix is to improve audit planning and performance by identifying the audit responsibilities of each FAO cognizant of each contractor location to ensure the appropriate audit coverage company-wide for accomplishing certain audits and avoiding the potential for duplication of effort.

Completion and use of the matrix should provide for more efficient and effective audit coverage, including avoiding the duplication of audit effort, by (1) identifying systems or portions of systems that are common to more than one location; (2) assigning primary and assist responsibility for each audit area; (3) identifying offsite location audit risk and responsibilities;

SUBJECT: Audit Guidance on the Implementation of Coordinated Internal Control and Incurred Cost Audit Processes at Multi-Segment Contractor Locations

and (4) identifying locations of contractor decision authority and record maintenance. The matrix serves as a data collection and planning tool to identify and document for each contractor location (including offsites) the audit activity that will be performed at the location. The matrix is an EXCEL workbook containing a summary worksheet supported by subsidiary worksheets for audit coverage of the following:

Incurred Costs. This worksheet is used to document the contractor location(s) where the:

- incurred cost proposals are submitted and certified. This will assist in identifying the lead FAO for each incurred cost submission that covers more than one contractor location. The lead FAO is typically the contractor location where the claim is certified.
- books and records are maintained and the FAO has responsibility for the related audits, and
- MAAR 6 & 13 audits are required.

Offsite Locations. This worksheet is used to assess audit risk associated with the contractor's offsite locations. Data elements include the total headcount, Government participation, business type, and other risk factors related to the offsite locations.

Cost Accounting Standards. This worksheet identifies the contractor locations where a disclosure statement is filed and where CAS-covered contracts are performed.

Internal Controls. These worksheets identify by internal control system the contractor locations that have the primary management responsibility for each system. In addition, the individual system worksheets identify the contractor locations that share common system aspects/components (e.g., policies and procedures, software) with other locations and where significant control activities are performed.

Earned Value Management System (EVMS). This worksheet identifies the contractor locations that have the primary management responsibility for the EVMS. In addition, the worksheet identifies the contractor locations (i) that share system components (e.g., policies and procedures, software), (ii) with primary responsibility for EVM System Surveillance, and (iii) where EVM Report Surveillance is required.

The CAC or CHOA cognizant of the multi-segment contractors identified in Enclosure 1 is responsible for ensuring the matrix is completed and subsequently maintained. The CAC or CHOA, with the assistance of the other FAOs in the contractor network, should begin immediately populating the matrix. Enclosure 2 to this MRD is the EXCEL file containing the responsibility matrix. In addition, we have attached as Enclosure 3 an excerpt from a responsibility matrix example that has data input into the various fields. Enclosure 4 contains the instructions and definitions for the fields included in the responsibility matrix.

SUBJECT: Audit Guidance on the Implementation of Coordinated Internal Control and Incurred
Cost Audit Processes at Multi-Segment Contractor Locations

2. Enhanced Coordinated Internal Control Auditing Process

The responsibility matrix contains a worksheet for each of the ten internal control audits detailing the internal control audit coverage company-wide. Each internal control system worksheet identifies locations (1) that share common system aspects (e.g., corporate policies and procedures, shared software) and (2) where significant control activities are performed. For each system where significant commonality exists among contractor segments, the FAOs cognizant of these segments should coordinate the internal control audit of the system and jointly develop an internal control audit cycle to ensure the system is audited every 2 to 4 years (i.e., all cognizant FAOs would usually agree to perform the same system audit in the same FY). When planning and performing internal control audits at contractor segments that have shared policies and procedures, technologies, or other aspects of the internal control systems, a careful assessment of the common aspects should be made to determine where these aspects can most effectively and efficiently be audited.

To initiate the coordinated audit process, a lead FAO should be identified for each of the ten accounting and management systems when common system aspects exist, and audit cognizance is shared by more than one FAO. Generally, if shared aspects include corporate policies and procedures, then the cognizant CAC or CHOA would be the lead FAO. Before an internal control audit is programmed, the lead FAO in coordination with other cognizant FAOs, should gain an understanding of the contractor's internal control system by performing sufficient research to determine the extent of common or shared aspects of the system. This understanding includes identifying where the key control activities are performed and the contractor location that has responsibility for the design and maintenance of the system. The lead FAO should use the Internal Control Matrix for the respective internal control system to document (i) where the common aspects exist, (ii) where the control activities are performed, and (iii) the FAO(s) responsible for performing the specific internal control audit procedures. The procedures should be agreed to by all cognizant FAOs and appropriate milestone dates established for audit completion. Generally, audits of the shared aspects are performed prior to the testing of controls for operational effectiveness and FAOs should not begin the testing of control activities until the audit of the shared aspects (e.g., corporate-wide policies and procedures) are completed. This allows auditors to consider the audit results of the shared aspects in planning the scope of the necessary testing of controls.

The cognizant FAOs should also agree on the appropriate reporting for the effort performed. Generally, the following three types of reports may be issued:

- A report on the shared or common aspects
- A report on the overall system adequacy and operational effectiveness
- A report on the testing of specific control activities.

A separate report on the shared or common aspects should be issued to the cognizant ACO for resolving audit issues related to the common aspects. Copies of this report should be provided to the auditors at the segments who will rely on the work performed when expressing an opinion on the overall system at their segment. Any weaknesses on the common aspects of

SUBJECT: Audit Guidance on the Implementation of Coordinated Internal Control and Incurred Cost Audit Processes at Multi-Segment Contractor Locations

the system must be assessed by each segment FAO to determine the impact on the audit opinion at the segment level. For example, a corporate office may have determined that the contractor's policy on travel does not comply with FAR 31.205-46. A segment FAO performing an Indirect/ODC internal control audit at a location that does not have significant travel costs may conclude that the deficiency on the shared aspects (policy and procedure) has limited impact at that location and therefore no impact on the audit opinion on the system adequacy at that segment. However, alternatively, if a corporate office review of company-wide labor practices disclosed that the labor system allows for undocumented changes to employee time charges, this condition would likely render the system inadequate or inadequate in part at all locations using that system to record significant labor costs.

Typically, reports on overall system adequacy and operational effectiveness should be issued at the segment level. There may be instances where it makes sense to issue it at a higher level (intermediate home office or corporate). For example, at many large contractors, the compensation system is managed at a corporate or home office level and therefore it makes sense to issue a report on the adequacy of the compensation system at that level. Generally, reports on system adequacy should not be issued at an offsite/plant location.

The segment level report will incorporate (i) assist audits performed at offsite locations where significant control activities are performed and (ii) the report on the shared/common aspects of the system. Assist audit reports will not express an overall opinion on the system, but only provide an opinion on the elements or activities tested at the specific location. The segment level report should identify all locations where testing of controls was performed. The locations that did not participate in the testing of controls cannot rely on the segment level report for planning and conducting related audits. These locations would establish control risk at maximum, as is generally done at locations where controls are documented via an Internal Control Questionnaire rather than through the ICAPS. If significant inadequacies/deficiencies are found at assist (offsite) locations, the opinion in the segment level report will be inadequate or inadequate in part.

In performing these coordinated audits, FAOs should keep the lead FAO informed on a real-time basis of any significant audit issues that develop. Draft reports should be provided to impacted FAOs to ensure a complete understanding of the audit issues and to provide the FAOs an opportunity to furnish additional information that should be considered. All draft reports should be provided to the CAC or CHOA to ensure consistency of audit recommendations.

The Internal Control Reporting System (ICRS) will be revised to incorporate the impact of these revised processes, and additional guidance will be provided.

As this memorandum is being issued promptly following the ESC approval of the implementation of these processes so they can be considered for the FY 2006 planning process, Policy has not yet developed pro forma reports for audits of only the (i) shared or common aspects and (ii) testing of specific control activities. Policy expects to issue these pro-forma reports by October 31, 2005.

SUBJECT: Audit Guidance on the Implementation of Coordinated Internal Control and Incurred Cost Audit Processes at Multi-Segment Contractor Locations

3. Enhanced Coordinated Incurred Cost Process

The responsibility matrix contains a worksheet detailing the coverage for incurred costs audits company-wide. The completed incurred cost worksheet will identify (1) the locations where an incurred cost claim is received and certified, (2) where the books and records are maintained and the related responsibility of each FAO to perform a complete incurred cost audit, assist audit, and/or MAARS 6 and 13 assignments. During program planning, the CAC/CHOA should confirm the responsibilities contained in the matrix with the contractor network. When programming and planning the incurred cost audits of submissions that cover more than one contractor location, the following should be discussed and agreed-to among the affected FAOs:

- Identification of the lead FAO for each incurred cost submission that covers more than one segment /location. The lead FAO will typically be the segment where the claim is certified. Within 30-60 days of receipt of the incurred cost submission that includes costs allocated to other operations, the lead FAO should notify any impacted FAO of the costs they are responsible for auditing. Assist audits should not be initiated until requested or confirmation on the need for audit has been received. Assist audit reports should opine only on the audit area (e.g., offsite rate) audited.
- Identification of the CFYs to be included in the program plan considering the Agency incurred cost cycle time goals (i.e., 6-12-6; 6-24-6).
- Confirmation on the locations where MAAR 6 & 13 should be performed for the current fiscal year.
- Timing of field work and assist audit reports.
- Agreement on the amount of auditable dollars to be assigned to each FAO for each audit in accordance with the DMIS Manual instructions.

4. Cost Accounting Standards and Earned Value Management Systems

The responsibility matrix worksheets for CAS and EVMS should be used in conjunction with the annual planning guidance furnished to the field in the Planning and Staff Allocation Document (PSAD).

Concluding Remarks

FAOs should conduct the appropriate briefings with our customers to keep them informed on any coordinated audit processes implemented. Regions should consider inviting a CAC Ad Hoc Team representative to present a briefing on these coordinated processes at the next regional management conference. The implementation of these processes and the responsibility matrix will provide for efficient and effective audit coverage at these multi-segment contractors. Through the implementation of these processes, DCAA's documentation

July 7, 2005

SUBJECT: Audit Guidance on the Implementation of Coordinated Internal Control and Incurred
Cost Audit Processes at Multi-Segment Contractor Locations

on the understanding and testing of internal controls will be more comprehensive and in compliance with Generally Accepted Government Auditing Standards.

Questions regarding this memorandum should be addressed to Quality Assurance Division, at (703) 767-2250.

/Signed/
Robert DiMucci
Assistant Director
Policy and Plans

Enclosures: 4

1. Multi-Segment Contractors list
2. Responsibility Matrix
3. Sample Responsibility Matrix
4. Responsibility Matrix Instructions and Definitions

DISTRIBUTION: C

**Multi-Segment Contractors Where Cognizant FAOs are Required to Implement the
Enhanced Coordinated Audit Process for Incurred Cost and Internal Control Audits and a
Company-wide Responsibility Matrix**

CAC Contractors

Boeing
General Dynamics
Northrop Grumman
Lockheed Martin
Raytheon
Alliant
Honeywell
L-3
United Technologies Corporation

Non-CAC Multi-Segmented Contractors

BAE
Computer Science Corporation
ITT
Titan
Washington Group International (WGI)

Responsibility Matrix - Offsite

Contractor: ABC Company

[illegible]

Responsibility Matrix - General Tab

Contractor: ABC Company

Contractor Group/Home Office	Contractor Segment/Group/Entity Name	Offsite Locations within Segment (Identify each location on a separate row)	Cognizant Field Audit Office	Cognizant DCMA Office	Incurred Cost Effort	Offsite Audit Risk	CAS Applicability	Forward Pricing Rates Submission	Pricing Proposals	Systems Reviews Required
		(Offsite locations are those with no dollars associated with audit effort)			[Primary, Assist, None]	(Yes or No - identify cost elements; labor, materials, ODC on Offsite Data tab)	(Full or modified... see CAS tab for D/S & Standards)	(Yes or No)	(Yes or No)	(See applicable ICAPS tab)
Corporate	Corporate - Hometown CT		2222	Hometown CT			Full	Yes	No	Yes
Shared Services	Financial Shared Services - (FSS) Paradise TX		Cognizance 2222 w/ Assist 3333	Hometown CT			Full	No - N/A	No	Yes, Assists requested by FAO 2222
Government Segment										
	Big Plane Division, El Taco CA		4444	El Taco			Full	Yes	Yes	Yes
		Sunnytown, CA Wing & Tail Assy Division	4555	DCMA El Taco		Yes	Full	Yes	Yes	
		Podunk, MS Avionic Division	1222			Yes	Full	Yes	Yes	
		Rodeo, TX Parachute Mfg	3444			Yes	Full	Yes	Yes	
		Bullseye MT Radar Division	4777			No	Full	No, included in BPD's FPRA	No	
	Big Boat Division Harbortown RI		2333	Dunkin MA			Full	Yes	Yes	
		Hull Manufacturing Midtown, IN	1111	Midtown		Yes	Full	Yes	Yes	
		Submarines Surfsup, CA	4181	Surfsup and Harbortown		Yes	Full	Yes	Yes	
		Allegro, FL	1333	St. Mary		Yes	Full	Yes	Yes	
		St. Mary, FL	1333	St. Mary		Yes	Full	No	No	
		Dunkin, MA	2333	Dunkin, Ma		No	Full	No	No	

Instructions for Completing the Responsibility Matrix At Multi –Segment Contractor Locations

A. Responsibility Matrix

The Responsibility Matrix is an Excel workbook with fifteen worksheets, summarized as follows:

Worksheet Name	Audit Area
General	General Contractor Data and Summary Responsibility Matrix
Incurred Cost	Incurred Cost submissions and Assist Audit requirements
CAS	CAS Disclosure Statement & Compliance Requirements
Off-Site Data	Risk Assessment of Offsite Locations
ICAPS	Separate Worksheets for each ICAPS to identify system ownership and common internal control aspects across multiple locations
EVMS	Earned Value Management Surveillance Responsibilities

The first three data columns in each worksheet as identified below are common to each worksheet and outline the contractor's organization in a tree structure:

Contractor Group/Home Office

Contractor Segment/Group/Entity Name – Generally these locations are separate CAS business units or segments

Offsite Locations within Segment – Location usually does not have its own incurred cost submission. Most incurred cost and/or ICAPS effort is performed as assists to other locations.

B. General Worksheet

The purpose of this worksheet is to provide a summary of the risk assessment and planning information contained in the other worksheets.

Cognizant Field Audit Office (FAO) – Self Explanatory

Cognizant Defense Contract Management Agency (DCMA) Office – Self Explanatory

Instructions for Implementing Responsibility Matrix At Multi –Segment Contractor Locations

Incurred Cost Effort – The required response is “Primary,” “Assist,” or “None.” This is a summary conclusion based on the analysis in the incurred cost worksheet. The Primary FAO receives an incurred cost submission and is responsible for requesting and incorporating any needed assist audits. If an FAO performing an assist audit does not receive its own submission, it should be coded in DMIS for its incurred cost effort on assist audits as a “direct cost only” contractor.

Offsite Audit Risk – Is there audit risk at the offsite location? Required response is “Yes” or “No.” The answer is based on analysis of business activity, headcount, total direct costs on government contracts, government participation and where applicable contract reporting requirements for that location. This column refers the user to the analysis on the **Off-Site Data** worksheet.

CAS Applicability– Identify whether contractor location has Full or Modified CAS covered contracts. The column refers the user to the **CAS** worksheet for disclosure statement and CAS standard applicability.

Forward Pricing Rate Submission – Does the contractor location submit a forward pricing submission? Required response is “Yes” or “No.” If no, identify segment/business unit submission, which includes this location or state “Not Applicable”.

Pricing Proposals – Identify whether or not the contractor location submits pricing proposals. Required response is “Yes” or “No.”

System Reviews Required – Required response is “Yes” or “No.” The column refers user to **ICAPS** worksheets, which identify contractor systems by name and system process owner.

EVM Surveillance Required – Required response is “Yes” or “No.” The column refers user to EVMS worksheet, which identify EVM surveillance audit requirements by location.

Incurred Cost Worksheet

Incurred Cost Submission – Does contractor location submit an incurred cost submission? Required response is “Yes” or “No.” If “No”, identify segment/business unit submission, which includes this contractor location. This will assist in identifying the lead FAO for each incurred cost submission that covers more than one contractor location. The lead FAO is typically the contractor location where the claim is certified.

Contractor Decision Authority for Incurred Cost – Generally this is the contractor location where the claim is certified and where contractor decision authority is for audit issues. Decision authority location may be different from location of books and records.

Books & Records – Identify the contractor location where the books and records supporting the incurred cost submission reside. If detailed supporting documentation is

**Instructions for Implementing Responsibility Matrix
At Multi –Segment Contractor Locations**

maintained at a different contractor location, identify the items (e.g., accounts, costs, pools, etc.) that can not be efficiently and effectively audited at this contractor location. The items that will be audited at this location should be identified in the assist audit columns.

Last Year Audited/Negotiated – Self Explanatory

MAARs 6 & 13 – Required response is “Yes” or “No”. Assist audits should be based on audit risk as identified in the Offsite worksheet.

Assist Audit Information - If you have identified an item in the “Books and Records” section that can not be efficiently and effectively audited at your location, you should identify the assist audit requirement here. If so, identify the items (e.g., accounts, costs, pools, etc.) that require assist audits and the location/FAO where the assist audit will be performed. List each assist audit location separately.

Instructions for Implementing Responsibility Matrix At Multi –Segment Contractor Locations

Risk Assessment for Offsite Locations

The purpose of this worksheet is to determine the audit risk, including MAARs 6 & 13, at **offsite locations**. This is only a preliminary risk assessment for offsite locations. Where risk is identified, the DCAA FAOs cognizant of the segment/business and the offsite locations will jointly determine the type of audits and testing to be performed.

Predominate business activity – Identify the predominate business activity at this contractor location (e.g., engineering, manufacturing, service center, etc.)

Total Site Headcount – Identify the total headcount for each offsite location.

Government Participation – Self Explanatory

Other Risk Assessment Factors – Use this space to add any additional information that bears on the risk assessment for offsite locations

Offsite Risk – Indicate a preliminary risk assessment conclusion (“Yes” or “No”) for each offsite location. This conclusion should be brought forward to the **General** worksheet. This conclusion will be based on an analysis of the headcount, government participation, or other identified risk factors.

CAS Disclosure Statement and Standards Responsibility Matrix

Disclosure Statement - Identify the Disclosure Statement parts prepared and maintained at each location and the locations that the Disclosure Statement applies to.

Cognizant FAO for Disclosure Statement – Identify FAO cognizant of disclosure statement.

CAS standard Applicability – Identify applicable standards at each location.
Applicability identified as:

Code	Applicability
C	Corporate Responsibility
S	Segment/Sector Responsibility
L	Local Responsibility
N/A	Not Applicable

ICAPS Responsibility Matrix

There are separate worksheets for each of the ten ICAPS. Data should be collected each year for the ICAPS that are scheduled to be programmed in the next FY.

Instructions for Implementing Responsibility Matrix At Multi –Segment Contractor Locations

System – Identify the common contractor system name (for example: CARS = Common Accounts Receivable System, CBS = Central Billing System, Peoplesoft, SAP) of the contractor’s system applicable at this location.

System Owner or User – Identify the contractor location that has primary responsibility for the design and maintenance of the automated portion of the system. If there is shared ownership, indicate the parts owned. These locations are considered the “owners.” Identify other locations that use that same system as “users.”

Shared Policies & Procedures (P&P) – Indicate if policies and procedures applicable at this location are also applicable at other locations. For example, corporate or segment-wide common policies and who is responsible for developing and maintaining those policies.

Shared or Common Software – Identify if the automated portions of the system (software) are common to other locations and which location is responsible for developing and maintaining the software.

Local Policies and Procedures – Indicate if there are local policies and procedures unique to this location.

Significant Control Activities – Identify if significant control activities are performed at each location. For example, labor accounting control activities such as work authorizations and supervisory approvals may be performed at offsite manufacturing locations. If the offsite location labor represents a significant portion of the total direct labor, such control activities may be considered significant when performing a labor accounting ICAPS and therefore testing may be needed at the offsite location.

Last Audit Report & Date – Report number and date of latest DCAA system review. Input will be used to cycle audits. Consider using a color code system to indicate system adequacy.

Color	System Adequacy
Green	Adequate
Yellow	Inadequate in Part
Red	Inadequate

Subsequent Follow-Up (FU) Audit Report Date – Report number and date of latest DCAA follow-up review (if applicable). Input will be used to cycle audits. Consider using a color code system to indicate system adequacy

EVMS Worksheet

Instructions for Implementing Responsibility Matrix At Multi –Segment Contractor Locations

System – Identify the contractor’s common system name (for example: CEVMS = Common Earned Value Management, Peoplesoft, SAP) of the contractor’s system applicable at this location.

System Owner or User – Identify the contractor location that has primary responsibility for the design and maintenance of the automated portion of the system. If there is shared ownership, indicate the parts owned. These locations are considered the “owners.” Identify other locations that use that same system as “users.”

Shared Policies & Procedures (P&P) – Indicate if policies and procedures applicable at this location are also applicable at other locations. For example, corporate or segment-wide common policies and who is responsible for developing and maintaining those policies.

Shared or Common Software – Identify if the automated portions of the system (software) are common to other locations and which location is responsible for developing and maintaining the software.

Local Policies and Procedures – Indicate if there are local policies and procedures unique to this location.

EVM System Surveillance Responsibility – Identify the locations with primary responsibility for performing EVM system surveillance (e.g. location cognizant of policies and procedures) and locations to provide assist audits (e.g. location where testing of implementation on contracts will occur) to the primary FAO.

Last Audit Report & Date – Report number and date of latest DCAA EVM system surveillance audit. Input will be used to determine the need to program EVM system surveillance. Consider using a color code system to indicate system adequacy.

Color	System Adequacy
Green	System Complies with EVM Guidelines
Yellow	Reported Suggestions to Improve System
Red	System Does Not Comply with EVM Guidelines

EVM Report Surveillance Required? – Identify locations where EVM report surveillance is required to be performed (e.g. locations where EVMS reports are prepared).

**Instructions for Implementing Responsibility Matrix
At Multi –Segment Contractor Locations**

Last Audit Report & Date – Report number and date of latest DCAA EVM report surveillance audit. Consider using a color code system to indicate system adequacy.

Color	System Adequacy
Green	System Consistently Generates Accurate and Reliable Data
Yellow	Reported Isolated Data Issues
Red	System Does Not Consistently Generate Accurate and Reliable Data